Partnering for Policy Change and Performance: USAID's Nonproject Assistance in Population and Health

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April 1999

Produced by the Population Technical Assistance Project (POPTECH)
under USAID contract No. CCP-C-00-93-00011,
managed by BHM International with The Futures Group International

About the POPTECH Tool Series

POPTECH provides consulting support to the United States Agency for International Development (USAID) on design and evaluation of USAID-funded population and reproductive health projects. The POPTECH Tool Series comprises of several analytic tools designed to support and enhance the expertise of POPTECH consultants, promote consistency and quality across reports, and provide assistance to the Global Bureau and Mission staff. These tools include checklists and papers that focus on issues central to the design and evaluation of family planning and reproductive health projects. ***Partnering for Policy Change and Performance: USAID's Nonproject Assistance in Population and Health*** is the fourth tool in the series.

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Acronyms

CA	Cooperating Agency
CEMEIN	Center of Medicines and Medical Insumos
CEPAM	Centro Ecuatoriano para la Promoción de la Mujer
CEPAR	Centro de Estudios y Paternidad Responsible
CHAG	Christian Hospital Association of Ghana
CYP	Couple Years of Protection
DNMS	Dirección Nacional Médico Social
DOH	Department of Health
FPS	Family Planning Service
GRMA	Ghana Registered Midwives Association
GSMF	Ghana Social Marketing Foundation
IEC	Information, Education, and Communication
IESS	Instituto Ecuatoriano de Seguridad Social
LGU	Local Government Unit
MCH	Maternal and Child Health
MIS	Management information system
MOH	Ministry of Health
MSP	Ministerio de Salud Pública
NACP	National AIDS Control Program
NGO	Nongovernmental Organization
NPA	Nonproject Assistance
OPHN	Office of Population, Health, and Nutrition
PACC	Population and AIDS Coordinating Committee
PHN	Population, Health, and Nutrition
PIC	Program Implementing Committee
PPAG	Planned Parenthood Association of Ghana
PVO	Private Voluntary Organization
SSC	Seguro Social Campesino
STD	Sexually Transmitted Disease
UNFPA	United Nations Population Fund
USAID	United States Agency for International Development

Introduction

This POPTECH tool provides a brief overview of experience to date with nonproject assistance (NPA) in the population, health, and nutrition (PHN) sector. NPA has been widely used in PHN programs throughout the world, with varying degrees of success. It complements the concept of reengineering and the new approach to programming based on strategic planning and objectives, an emphasis on performance, and the need for flexibility in long-term programming. This tool is intended to be used as a short background briefing paper by USAID Mission and Global Office staff and by POPTECH consultants when considering or developing new program designs using NPA.

Part I provides an overview of NPA, including how it is defined, its advantages and disadvantages, guidelines for NPA programming, factors to consider in NPA program evaluation, and lessons learned about NPA from PHN projects undertaken to date. Part II presents a set of four case studies, drawn largely from evaluations (including those from the POPTECH project) of NPA projects in PHN. These case studies provide real examples of the NPA process, performance benchmarks, advantages and disadvantages, and lessons learned as discussed in Part I.

Part I. Overview of NPA

What is NPA?[1]

Nonproject assistance (NPA)—sometimes called performance-based assistance—is defined as the use of cash transfers or payments, commodity imports, or sector assistance to support development in developing countries. NPA is focused on both resource transfers and/or policy reform and performance improvement. Funds are used to support development by (1) providing balance-of-payments and budgetary assistance, and (2) facilitating the development within a particular sector of policies that increase the resources available to the sector, rectify the intrasectoral assignment of resources, and encourage greater efficiency in resource utilization. The justification for the sector programming lies more with the potential for policy reform and/or performance improvement than with the need for transfer of resources. NPA is a form of "program" rather than "project" assistance authorized under USAID handbooks on reengineering and the Automated Directives System (ADS) under results packages.

USAID uses three different mechanisms to transfer budgetary assistance funds: (1) direct repayment of debt, (2) disbursement of funds to the central bank for general budgetary support, and (3) supplementation of the sectoral budget through local earmarked or nonearmarked currency counterpart funds. Fund disbursement in periodic tranches is often linked to the achievement of a prenegotiated set of benchmarks or conditions (conditionalities) that are related to a desired policy change.

The World Bank, the International Monetary Fund, and the Inter-American Development Bank all have programs that link resource transfers to policy reforms. USAID has used NPA in all regions and development sectors. In 1986, USAID's Development Assistance Committee determined that NPA was the most widely used form of donor assistance. Within USAID, policy reform has been focused in various sectors on correcting overvalued exchange rates, addressing urban bias, improving the efficiency and performance of the public sector, and facilitating competition.

Public sector programs in developing countries have been facing a lack of funds for recurrent budget expenditures, with nonsalary items such as medical supplies, training, medications, and equipment often suffering the largest spending shortfalls. By providing balance-of-payment funds, USAID has been helping developing country governments address budgetary deficits in the health sector that limit improvements in quality and expansion of

Types of Programming

1. Project assistance without conditionality
2. Project assistance with conditionality before start-up
3. Nonproject assistance with multiple options in format
   - ❖ Single or multiple tranches
   - ❖ Single or multiple conditionality within tranches
   - ❖ Single or multiple areas of reform
   - ❖ With or without long-term technical assistance
   - ❖ Disbursement: earmarked or straight budgetary support

[1] Foltz, Anne-Marie and Gary Engelberg. 1993. *USAID / Niger Health / Population Sector Workshop: Lessons Learned and Future Strategies* Washington, D. C.: Academy for Educational Development, Inc.

access to services. In 1986, USAID/Niger and the Government of Niger instituted the first U.S.-funded PHN sector grant to promote institutional and policy reform in the Ministry of Health (MOH). NPA has been used within the PHN sector in Africa to promote policy reform designed to reinforce the emphasis on primary-level care, support decentralization of services, and institute health finance reform measures. In other regions, NPA has been used for the same purposes, and in some cases it has been used to achieve specific project outputs designed to strengthen PHN service delivery.

It can be difficult to differentiate between nonproject and project assistance, as NPA is sometimes tied to or combined with project-related inputs such as technical assistance, salaries, training, and funds for purchases of equipment and supplies. Therefore, nonproject and project assistance are mutually reinforcing. Indeed, NPA can be programmed for performance in specific areas so that it resembles a project. The difference is that USAID is paying for performance or policy reform, rather than overseeing the utilization of project funds to purchase inputs and stipulating how the performance or reform process will be achieved. Moreover, assistance through NPA is usually larger in scope and funding than project assistance and is therefore thought to be more useful as an incentive for policy change or improving performance.

NPA programs may also differ in the degree to which resources are programmed by developing country governments in conjunction with USAID. The *Revised Africa Bureau NPA Guidelines* (United States Agency for International Development, 1990) state that "NPA resources are provided in a generalized manner and not directly linked to project expenditures." The guidelines state further that "the sector cash grant needs to include an analysis or rationale which links the type and level of AID's financial contribution through specific policy and institutional reforms, to the anticipated development impacts of the program on the sector."

Many factors influence the resource allocation decision-making process among sectors at the central level. These factors are predominantly political and macroeconomic. NPA addresses both of these areas by providing balance-of-payments assistance to secure a commitment to the health sector. The decision to use NPA may signify that the developing country has achieved a certain level of planning and management expertise such that USAID assistance in these areas is no longer needed. With NPA, USAID consciously exchanges financial accountability for capacity building and institutional sustainability. At the same time, many NPA projects include funds for technical assistance to strengthen the transparency of the government's financial management and control systems for NPA reporting purposes and to improve institutional management capabilities.

Advantages and Disadvantages of NPA

Advantages

NPA projects offer a number of advantages. They:

- Are less subject than traditional projects to regular project accounting and reporting requirements.
- Build government capacity to allocate, manage, and account for resources.
- Develop government capacity for planning and prioritizing needs.
- Increase host country sustainability and autonomy more than do traditional projects that may foster dependence and are subject to donor micromanagement and control.
- Facilitate USAID's ability to transfer substantial funds and have those funds absorbed relatively quickly, without the usual administrative delays within both USAID and the government institution.
- Develop a partnership between the donor and the host country as they work together on the end result, instead of the minutiae of the process.
- Create mutual objectives between the donor and host country, rather than conflicts over the use of project inputs or strategies.
- Can ensure integrity of funds by earmarking expenditures for a particular sector, protecting the funds from being reappropriated or eliminated in budget retrenchments.

Traditional project programming has less chance than NPA of having an impact on policy and institutional changes, as its scope is often limited. NPA is more likely to have such an impact since it can be focused more broadly within the sector. Moreover, as noted above, NPA usually involves a large amount of funds; thus the granting of those funds can give USAID leverage in the ongoing policy dialogue, while the threat of their loss serves as a significant motivator for change.

A more positive view holds that NPA linked to conditionality lowers the opportunity cost of reforms to political leaders. By linking reforms to additional resources, the apparent cost of undertaking politically costly reforms is reduced." Page 6, Westrick, Daniel. 1986. *A Short Introduction to Nonproject Assistance: What Is Nonproject Assistance?*

Disadvantages

NPA also has a number of disadvantages that must be taken into account by those considering its use. These include the following:

- Desired policy or institutional changes need to be related to the amount of resources provided by the donor. The benchmarks need to break down the necessary steps toward performance outcomes related to those desired changes, although it is often difficult to forecast the steps that will result in particular policy and institutional changes.

- USAID may give resources to the host government without local currency generation and specific earmarks. In this case, the donor has little or no control over how the funds will be used. This can be risky in countries where widespread corruption exists.
- NPA requires a mutual understanding of and commitment to the reform process. Many developing countries suffer from frequent changes in governments and officials. The performance measures and policy and institutional reforms developed through a mutual understanding with a current government official may not be priorities for newly elected or appointed in-coming government officials.
- The language used for performance benchmarks needs to be carefully crafted, with little room for interpretation, so that donor review of accomplishments will be clear, and there will be no doubt about their achievement.
- Although NPA may be seen as a quick way for USAID to disburse large sums to developing-country counterpart institutions for maximum impact on a sector, the government's procurement process and bureaucracy may prove to be an equal or greater obstacle than the lack of resources.
- Earmarking expenditures for a specific sector divorces them from the overall government budget allocation process, potentially interfering with their sustainability over the long term.
- Even though NPA funds may not be earmarked, USAID is expected to have some idea of how the money has been used. This may be difficult to achieve without a stipulated agreement. In some countries, it also may be difficult to ensure compliance with legal restrictions on use of USAID funds, such as prohibitions of funding abortion as a method of family planning or on the use of targets, quotas, or incentives.
- USAID staff are dependent on the host country government for monitoring and documenting the achievement of benchmarks and conditions.
- If NPA funds are released to the Ministry of Finance instead of directly to the MOH, several administrative obstacles may interfere with disbursement of the funds to the MOH: appropriate health budgets may not be approved; budgets may be approved, but the MOH may not receive the amount of funds budgeted or may receive them late; and/or bureaucratic procedures may impede the flow of funds in a timely manner.
- The lack of human and institutional resources in many developing countries inhibits the successful development of a reform strategy that is soundly based on research and analysis.

Guidelines for NPA Programming

Either project assistance or NPA or both can be used to support policy and institutional reform or performance improvement. NPA is not the best or only means of addressing obstacles to policy reform. Country-, sector-, mission-, and time-specific factors all influence the determination of which kind of assistance should be employed and whether NPA is even suitable. Specific factors that require careful consideration include macroeconomic and political factors; constraints on sector performance; the ability of the country to implement changes in the sector; and the human resources needed to design, reach consensus on, and implement a policy and institutional reform agenda.

The following are some guidelines that can assist program designers when considering NPA for PHN programs.

Determine what the Mission wants to accomplish. What are its objectives? What reform does it want to achieve? What are the programs/activities it wants to implement? Identify clearly and comprehensively the barriers or obstacles to improving sector performance and rank order them. Make explicit the assumptions about exogenous variable values that the proposed program will not be directly affecting.

Identify the best mechanisms for achieving these objectives. Does NPA or project assistance make more sense with or without conditionality?

If NPA will be used for reform, perform a thorough analysis to assess the political, administrative, and economic environment. Determine what is needed to make grant resources useful for motivating policy reform. How large should a USAID transfer under a sector NPA be? The amount should be large enough to make it worthwhile for the host country to incur all of the costs associated with the proposed policy reform or performance improvement agenda. The policy changes should generate the largest share of the benefit stream. This analysis should be part of a negotiated process with the host country government. Facilitate a discussion about the constraints and possible strategies for instituting reform with government partners.

Keep the design of NPA simple enough so that both sides can understand clearly what is expected. The conditions should be linked directly to tranches so the government units involved in making the reforms also receive the funds. Whether NPA is provided as earmarked or budgetary support, the host country government must demonstrate adequate budgetary transparency so that USAID will be able to ensure the funds have been expended as stipulated under the agreement. USAID also needs to ensure that the host country government is committed to the desired policy and

"Technical assistants must be chosen who have political skills to match their technical skills so they can assess the environment, take advantage of opportunities, and help build constituencies and indigenous centers for advocacy for health and population services and for institutional and policy reforms." Page 10, Foltz, Anne-Marie. 1993. *Assuring Health Sector Policy Reforms in Africa: The Role of Non-Project Assistance.* Washington, D. C.: Academy for Educational Development, Inc.

institutional reforms, for example, that formal endorsement of the policy already exists, and that the government will use the funds to implement the reforms or improve performance. Identify those policies for which there is already a high level of interest and support. Identify as well the barriers or obstacles that could impede their adoption and/or implementation.

Perform an institutional capacity assessment. The results of this assessment should include a study of the institutional capacity to undertake, lead, direct, and implement reform. These results will help NPA designers assess the need for technical assistance. If capacity is found to be weak, designers should reassess whether NPA is the answer.

Undertake a political analysis to gauge the commitment to reform both within and outside of the government. Will the government be able to create a constituency to support the reform or improve the performance? Where governments and officials change frequently, consider carefully the sustainability of ongoing support to the NPA program.

Build some flexibility into the process, as policy reform does not usually follow prescribed steps in a rational fashion. A balance must be found between specificity and flexibility, with respect for the difficulty noted above of predicting the specific steps needed to achieve the desired reform. Some projects have accomplished this by specifying benchmarks and conditions for the first year, and negotiating benchmarks and conditions thereafter on an annual basis.

Specify the intended program impact in quantifiable terms. What will the program achieve that can be measured? Develop objectives that are realistic, feasible, time bound, unidimensional and can be quantified.

Describe the logical relationship among program inputs, program outputs, and program impacts. A framework of variables and their relationship may be useful to develop for understanding this process.

Specify clearly the relationship of the proposed program to other donor and recipient government activities. Coordination with the programs and strategies of other donors can create synergies resulting in increased impact and preserving resources that might be wasted through duplication and overlap.

Make a realistic assessment of the human resources needed at the Mission level for undertaking an NPA project. Although NPA has previously had a reputation for ease of management, these programs are now thought to be at least equally demanding of Mission staff time as traditional project assistance. Mission staff need to (1) engage in policy dialogue with host country officials; (2) monitor and oversee compliance with benchmarks,

conditions, and performance; and (3) evaluate overall project achievements toward the desired impact. If the project includes local currency generation, additional human resources will be needed, especially if the government financial management and control systems are weak. However, Missions need to keep in mind that under NPA, all implementation actions are to be undertaken by the host country government, not USAID.

Develop an implementation plan that details the objectives to be achieved and provides a timeline with a plan for tranching funds that links the tranches to verification of conditions. This implementation plan should also outline explicitly the roles of the government and USAID.

Factors to Consider in NPA Program Evaluation

Midterm and final evaluations should be planned to assess project accomplishments, as well as reassess and realign the project as needed in accordance with changing circumstances. The evaluation of an NPA is often planned as an overall program evaluation at the strategic objective level.

USAID requires that effects on the healthcare system or impacts at the population level be plausibly associated with USAID funds. A condition commonly mandated for NPA in the health sector is some level of increase in budgetary health expenditures. This type of condition is very popular as it is both quantifiable and measurable, and therefore one can easily determine whether it has been met. Often, however, this condition does not readily translate into improvements in the health system or in the quality of reproductive health services at the population level. Commodity or supply purchases, for example, may require training if they are to be useful; purchases of inappropriate inputs may occur; or purchases may never make it from the central to the field level where they are needed.

Behavioral models to link policy changes with specific outcomes are lacking. Instead, most NPA evaluations use performance indicators to assess the level of compliance by host country governments with the conditions that have been agreed to in their implementation plans.

Time frames for policy changes and their impact are necessarily longer than is the case with many programs. Indeed, at least a decade or more may be required.

"Essentially there are three difficulties common to evaluating the effects of program conditionality: (i) the precise links between policy change and expected change… are uncertain, and require much more research: (ii) it is difficult to separate the effects of a specific policy change from those resulting from policy changes stipulated in other programs, from changes in external factors and from major internal events… (iii) when a policy change is merely the first of an anticipated series of such changes, the findings of the evaluation will depend heavily on when it is carried out." *Page 14, Bowles, W. Donald. 1987. The Theory and Practice of Policy-Based Nonproject Assistance. Washington, D.C.: USAID Center for Development Information and Evaluation.*

"In sum, evaluation of the effects of nonproject assistance remains an undeveloped art. In part, this is because behavioral models linking policy changes with expected outcomes are still undeveloped." *Page 15, Bowles, W. Donald. 1987. The Theory and Practice of Policy-Based Nonproject Assistance. Washington, D. C.: USAID Center for Development Information and Evaluation.*

"Methodologically the attribution of people level impact is difficult. In the case of interventions consisting of general budgetary support it is indirect at best. While it may be shown that per capita expenditures of health services have risen, this is a great leap of faith away from demonstrating positive change in health and other people-level impact indicators. We may however be able to demonstrate a link between resources, services and utilization."

Lessons Learned about NPA

A review of the literature on NPA programs and their evaluation reveals the following lessons learned for program designers developing NPA programs:

- Donor and host country governments must have some kind of general agreement about the policy reforms needed and the steps required to achieve them.
- NPA should not attempt to institute reforms that are not regarded as important or supported by host country governments. Nor should NPA try to instigate reforms when the process or obstacles are not clearly understood.
- NPA is perhaps most useful as an aid to the institutionalization of policy reforms that are already embraced by host governments with a well-developed institutional capability for analysis and a transparent treasury system.
- The analysis needed before designing an NPA program is more extensive than that needed for traditional project development.
- The goals and objectives of NPA are often complemented by project assistance components.
- If a great deal of technical assistance is needed to implement an NPA program, this requirement can be interpreted as inversely related to the capacity of the host country government to design and implement the NPA program.
- Performance benchmarks need to be clearly articulated. Detailed plans for documentation and frequent review of progress toward benchmark achievement must be worked out in advance and agreed upon by both donor and host country officials.
- When designing an NPA program, the conditions should be kept short and simple. The designer should avoid making conditions contingent upon meeting other conditions, or establishing so many conditions that the NPA program becomes too complicated to implement.
- NPA's biggest contribution to policy reform may be allowing USAID to participate in the ongoing policy dialogue, and keeping key policy issues on the table despite changes in the political environment and government.
- USAID and host country governments should be less concerned with benchmarks and their associated reforms than with the capacity building that will make programs sustainable in the long term.

"The NPA buys donors a "seat at the policy table" but ultimately only persuasion will bring real change." Page 6, Westrick, Daniel. 1986. *A Short Introduction to Nonproject Assistance: What Is Nonproject Assistance?*

" A more extreme view is that NPA is entirely irrelevant to reform. If a host government decides that a given policy change is a good idea, it will carry out the change regardless of whether aid is given or withheld." Page 6, Westrick, Daniel. 1986. *A Short Introduction to Nonproject Assistance: What Is Nonproject Assistance?*

- NPA should probably not be attempted in a country where there is limited understanding of the political process at the central level and of the ability of the MOH to effect change.
- NPA programs may not do well in countries where there is little need for resource transfers, as there will not be enough impetus to overcome the constraints on making policy changes in controversial areas such as population, or when the lack of human resources and bureaucratic procedures and systems impede the flow and spending of program funds.

An ongoing NPA project offers the opportunity to learn from previous implementation and apply the above lessons to modify the conditionality and programming of subsequent tranches.

"Outside advice can sometimes strengthen the political hand of those locally who propose policy reform, provided the donor engages in true dialogue that is supportive rather than imperious." *Page 17, Bowles, W. Donald. 1987. The Theory and Practice of Policy-Based Nonproject Assistance. Washington, D. C.: USAID Center for Development Information and Evaluation.*

Part II. Case Studies

The following case studies serve to illustrate the details, processes, successes, and pitfalls of NPA projects in the PHN sector around the world, and to provide snapshots in time of country NPA programs. These case studies are intended to give the reader a more comprehensive and concrete view of what has been tried, what has worked, and what should be avoided in the design of NPA programs.

The Ghana case study describes the benchmarks of two different projects in the PHN sector and includes a candid interview with a USAID staff member on some of the project's obstacles and accomplishments. The Philippine case study reviews two sequential NPA projects, and then draws on two recent POPTECH evaluations of PHN NPA projects at the central and local government levels to highlight some of the weaknesses and strengths of the project design. The Niger case study is a brief overview of an NPA project that leveraged policy reform as conditions precedent before the actual project was implemented. The last case study, of an NPA project in Ecuador, demonstrates some of the constraints involved in implementing a very small project through the Ministry of Finance when political will changes as frequently as governments, and difficulties arise in assessing benchmark achievement. This case study also includes a frank assessment of what happened by a USAID official involved with the project design and monitoring.

"I think one of the attractions of NPA is in the flexibility it allows in approaching a problem. Detailed process measures take that flexibility away." Page 2, Forgy, Larry to Margaret Neuse and Emmy Simmons, Memorandum, 22 May 1992. *Swaziland NPA Proposal.*

Ghana

First NPA Project 1991-1996

Program Grant Agreement between the Republic of Ghana and the United States of America for Family Planning and Health

USAID/Ghana had an NPA sector grant to support the Government of Ghana's efforts to increase demand for and use of modern family planning, and to provide family planning and maternal and child health (MCH) services. The project supported both policy and regulatory reform. The policy reforms were designed to create an environment conducive to implementing a concerted national family planning program, establish a national Population Authority with broad powers and responsibilities, and to lead to regulatory reforms that would immediately permit more health workers and distributors to handle and sell contraceptives, oral rehydration salts, and chloroquine.

Second NPA Project, 1994-1998

Under the GHANAPA program, the government of Ghana agreed to perform the following actions, among others: (1) expand the essential drugs list to include all oral contraceptives now used in Ghana, and remove certain constraints on their distribution; (2) place vaginal foaming tablets, oral rehydration salts, and chloroquine in the exempt category under the Pharmacy and Drugs Act; (3) allow the distribution of oral contraceptives by trained health service providers; (4) produce a scope of work for preparing a national population implementation plan, including provisions for deregulating the pricing and distribution of contraceptives; and (5) eliminate customs duties on commercial importation of contraceptive commodities, oral rehydration salts, and chloroquine.

USAID/Ghana negotiated the conditionality requirements of the GHANAPA program cash grant to build toward project sustainability. Under the cash grant, there were five sets of conditionalities responding to five yearly releases, or tranches, of U.S. dollars. These conditionalities addressed establishment of the Population and AIDS Coordinating Committee (PACC); achievement of specific family planning program impact benchmarks and budgetary allocations and expenditures for the MOH; contraceptive pricing policy; MOH HIV/AIDS/STD monitoring, prevention, and control activities; revision of the Essential Drugs List and National Formulary; budgeting and allocations for the National Population Council; and revision of contraceptive commodity forecasting and stocking practices.

USAID's allocation of $14 million under the NPA was to assist the Government of Ghana in defraying the increase in nonpersonnel recurrent costs associated with GHANAPA. It also was to motivate the Government of Ghana to undertake difficult policy reforms, such as shifting the mandate for provision of short-term family planning interventions from the public to the private sector, increasing the public

sector's capacity to provide long-term family planning methods, and integrating family planning and AIDS prevention programs into the national budget while elevating their role in the national development agenda. At $14 million over 6 years, or approximately $2.3 million per year, the NPA represented the minimum increase in sectoral funding, exclusive of personnel renumeration, required to meet the objectives of GHANAPA.

Completion of Conditions Precedent for the Family Planning and Health Program

The GHANAPA program built on the advances of the Family Planning and Health Program. As of the signing the GHANAPA Grant Agreement, the Government of Ghana had not completed the last of the conditions precedent for the Family Planning and Health Program establishment of the National Population Council and its Secretariat. Since the National Population Council was to play a major role in GHANAPA, it was essential that it be established prior to GHANAPA implementation.

The GHANAPA program was to be coordinated by the PACC. As a condition for receiving the first tranche of NPA, the government of Ghana was to formally establish the PACC.

Family Planning Benchmarks

The Government of Ghana allocated adequate resources to the MOH to meet agreed-upon annual family planning benchmarks, as measured by couple years of protection. The purpose of the GHANAPA family planning component was to increase the use of modern and effective family planning methods, as measured by an increase from 10 to 20 percent in the modern contraceptive prevalence rate and a shift in long-term methods from 20 to 40 percent of overall method mix. Couple years of protection is seen as an excellent indicator of progress as it represents both demand and supply, and can be calculated quarterly from service delivery data. In order to move toward sustainability through greater private-sector participation, the MOH's proportion of short-term contraceptives was expected to shift from 48 percent in 1993 to 25 percent in the year 2000, and the proportion of long-term methods from 85 to 75 percent by the end of the project. The actual level of short-term couple years of protection provided by the MOH was expected to decline as the private sector increased its share, resulting in a major policy shift.

MOH Budget

To sustain and achieve the GHANAPA objectives, the MOH needed to receive sufficient government resources to carry out the program activities. The Government of Ghana's budget, including that of the MOH, is divided into recurrent and capital costs. Recurrent costs comprise personnel, travel and transport, general expenditures, maintenance and repairs, other recurrent expenditures, and grants to

organizations such as the pharmacy board. Since personnel is basically a fixed cost, budget reductions often affect disproportionately all other recurrent costs required for operations. GHANAPA was therefore focused on these other items.

The percentage of the Government of Ghana's total recurrent resources allocated to the MOH has ranged from 7.0 percent in 1984 to 10.9 percent in 1990, to a peak of 13.1 percent in 1993 and a decline to 10.1 percent in 1994. Further analysis of the nonpersonnel costs of the MOH as a percentage of the Government of Ghana's recurrent budget also showed a significant reduction in funds available for MOH program activities, from 24 percent in 1992 to 14 percent in 1994. Despite low levels of resource allocation, however, family planning and AIDS program activities have continued with moderate success as a result of the availability of substantial extrabudgetary funds from donor sources. The Ministry of Finance and Economic Planning had to ensure that the decline in the level of operating funds available to the MOH did not affect the ability to attain the above benchmarks.

"When one considers the tomes experts have published in their attempts to explain or improve the process of policy-making at different levels of government in the United States, it should give donors pause about their capacity to understand, much less to influence the policy process in other countries." Page 28, Foltz, Anne-Marie. 1993. *Assuring Health Sector Policy Reforms in Africa: The Role of Non-Project Assistance.* Washington, D.C.: Academy for Educational Development, Inc.

Budget Guidelines

Decentralization of planning and budgeting was expected to take place over the next six years. The MOH policy and planning guidelines and the Ministry of Finance and Economic Planning budget guidelines to regions and districts would play an important role in ensuring that funds were requested and expended for family planning activities. A copy of the pertinent guidelines prioritizing family planning activities was to be made available to USAID and the PACC.

Work and Training Plans

Although there was no separate line item for family planning in the MOH budget under decentralization, the MCH/family planning unit was responsible for developing national work plans for family planning, and for coordinating family planning training activities with the Human Resources Development Division and other MOH units. These plans were to be summarized and presented to USAID so they could be analyzed by the PACC.

Clinical Guidelines

A major constraint on the provision of family planning services was inappropriate clinical practices by some health providers. The development and dissemination of clinical guidelines helped educate family planning providers so they would change some of their outdated attitudes. The guidelines were also instrumental in developing preservice curricula for medical, nursing, and midwifery schools. The MOH and the National Population Council coordinated the preparation of clinical guidelines with technical assistance from Family Health International and INTRAH provided under the Family Planning and Health Program. The guidelines were to be ready for approval before the release of the second tranche of NPA funds.

Pricing Policy

The disparity in commodity pricing for short-term methods between the public and private sectors disproportionately burdens the public system and adversely affects sustainability in both sectors. To encourage the Government of Ghana to revise its current contraceptive pricing policy, the National Population Council conducted a study to determine the appropriate pricing structure of short-term contraceptive supplies. This analysis was to become the basis for the establishment and implementation of a more rational public-sector pricing policy by the MOH in collaboration with the NPA project, Ghana Social Marketing Foundation (GSMF), the Ministry of Finance and Economic Planning, Planned Parenthood Association of Ghana (PPAG), and Ghana Registered Midwives Association (GRMA).

MOH's HIV/AIDS/STD Prevention and Control Program Budget

The government agreed to fund the MOH's HIV/AIDS/STD activities. The National AIDS Control Program (NACP) prepared a separate analysis of factors affecting the MOH's ability to meet its objectives in this regard.

National Sero-Surveillance System

As part of the public sector's HIV/AIDS/STD control program, the MOH established a national sero-surveillance system to test 15,000 blood samples a year for HIV and syphilis. The GHANAPA project was to provide test kits and reagents for this purpose, while the Government of Ghana was responsible for funding the system's operation. The NACP was requested to provide annual reports on the results of the system, along with analyses of the progress of the HIV epidemic, and to identify problem areas.

Annual HIV/AIDS/STD Work and Training Plans

The NACP developed annual work and training plans to assist in the coordination of HIV/AIDS/STD programs throughout the MOH, including assistance for nongovernmental organizations (NGOs). These plans were presented to USAID for analysis by the PACC. Since Christian Hospital Association of Ghana (CHAG) Mission hospitals and clinics have been shown to treat the largest number of cases of STDs in Ghana, it is important that their health providers also have access to the best information. The MOH therefore agreed to fund CHAG training programs for STD prevention, counseling, and treatment upon request from CHAG; these programs would be included in the MOH's STD training plans and activity reports presented to the PACC.

Revised Essential Drugs List and National Formulary

The Government of Ghana's Essential Drug List and National Formulary did not include subdermal contraceptive implants and the more effective STD drugs. The National Formulary, which is provided to both the public and private sectors, gives guidelines on procedures and standardized management protocols for diseases and other health

Interview with USAID Official

The following comments about the NPA efforts in Ghana were offered by a USAID official: USAID was helping the MOH to increase the percentage of revenues allocated to the health sector from 9 to 12 percent. The MOH was afraid that this would become a maximum ceiling. The MOH didn't want a fixed percentage. The MOH wanted freedom to lobby or advocate for more.

The transfer of the money from the Ministry of Finance to the MOH was problematic. USAID needed a way to measure that the MOH was actually receiving the funds. We decided to do this through a CYP [couple years of protection] target model. USAID wanted to ensure that the AIDS prevention program was allocated sufficient resources. Each benchmark required documentation, and USAID found that the simpler the documentation required the better.

Some of the limitations of this project were that the bigger picture got lost as this was not part of the ordinary process and was not institutionalized. There was a series of hurdles with a carrot at the other side. Yet the project has had a positive impact. With reengineering there's the opportunity to rewrite the agreement, and less evidence is required than before. This project gave the Government of Ghana money for policy changes and reforms that they were planning to do anyway. Congress is concerned about giving away cash transfers with no tracking.... An annual audit is required. NPA can sometimes be used as a stick instead of a carrot. With NPA, USAID is adding hard reserves to the government's currency. This can create a lot of leverage, but at least $14 million was required in the case of Ghana. There was no way for USAID to ensure that the MOH got their fair share from the Ministry of Finance. Yet the MOH met their benchmarks, and a lot was accomplished.

The regulatory policy issues were the hardest to chip away at. Changing the pricing policy in the public sector was difficult. There was leakage into kiosks. Project styles changed from first project to second. The first project funds were extrabudgetary. The second project funds were on budget; i.e., funds flowed into the ordinary budget. Because this second project was on budget, there was more chance for planning.

conditions at the various levels of the health pyramid. A revised National Formulary, made available to all health providers along with appropriate training, would improve provider practices in family planning and effective management of STDs.

Signatories Assigned and Bank Account Established

The Government of Ghana assigned several officials from the MOH and the Ministry of Finance and Economic Planning to approve program implementation documents. An interest-bearing dollar account was established in an U.S. bank to receive the NPA funds upon completion of the tranche conditionalities.

National Population Council

The National Population Council is a parastatal organization that functions as the highest advisory body on population to the Government of Ghana. It is tasked with providing policy guidance and coordinating the implementation of population activities for all sectors of government, NGOs, and the private sector. The Council was to play a pivotal role in GHANAPA in the implementation of policy activities, as well as chair and support the PACC.

The National Population Council was to develop annual work plans for its activities, with indicators for specific objectives it intends to accomplish. Once the PACC approved those work plans, NPA conditionality will be based on the Council's providing evidence that the objectives had been met. The Ministry of Finance and Economic Planning through either the national treasury or other sources would guarantee funding for NPA activities.

Improved Contraceptive Commodity Forecasting and Stocking Procedures

Inappropriate public sector commodity forecasting and stocking procedures within the MOH have led to imbalances throughout the system. A 1993 family planning logistics management study of the national contraceptive supply system showed that changes in the public sector's inventory management could result in cost savings through reduction of the required pipeline. GHANAPA NPA assisted the MOH in the revision and implementation of public sector guidelines for forecasting contraceptive requirements at all levels of the system. These activities ensured that the MOH logistics system can accommodate increased quantities of contraceptive commodities and alleviate stockouts and commodity expiration by reducing the pipeline from an average of 31 to 21 months.

Philippines

NPA in Child Survival, 1988-1993[2]

USAID and the Philippine government instituted a health sector assistance project that supported policy and institutional reform. Disbursement of funds was based on performance, with annual releases dependent upon the achievement of performance benchmarks. The Philippine government had already demonstrated its commitment to the social sector by increasing the budget share allocated to health and education. The new leadership in the Department of Health (DOH) was committed to policy reforms and management changes, including greater support for child survival and reduction of the country's high infant mortality rates. USAID had a large budget for development assistance in the Philippines, and thus a large amount of funds was potentially available. The DOH appeared to be in a position to spend large sums of money effectively and efficiently. USAID funds already in the pipeline to the DOH, however, were moving slowly, partly as a result of USAID's complex contracting and procurement regulations and delays in releasing funds from the Philippine Ministry of Finance to the DOH to meet the program needs. Given the DOH's own bureaucracy, together with all the pertinent USAID regulations, it was clear that required sums could not feasibly be made available for timely disbursement at the local level of need by USAID if provided through the usual project mode of assistance. A new approach was needed, and it was in response to this need that performance-based disbursement was adopted.

The original decision to use performance-based disbursement as the funding mode was made jointly by the DOH and USAID in 1988. The rationale behind this decision included the following:

- The Philippine DOH preferred to have control of the funds in order to maximize flexibility and further develop its own priorities.
- USAID believed the DOH was a mature organization with responsible leadership that knew what it wanted to do and how to do it, but lacked only the resources to get the job done.
- The DOH and USAID agreed on the major policy reforms and management innovations that were needed. The performance benchmarks could be used as a tool to get these critical changes implemented within the DOH. Since $45 million was at stake, there would be tremendous pressure within the DOH to carry out the necessary reforms.

[2] Adapted from Solter, Steven L. "Paying for Performance," *Management Sciences for Health, Monograph No. 6.*

- The relevant entities within the Philippine government, including the Department of Budget and Management, the Department of Finance, and the National Economic Development Authority, were all supportive of the Child Survival Program.
- USAID had a positive climate for mobilizing resources (i.e., good political support, demonstrated need, and appropriate leadership). Child survival was a priority with the U.S. Congress. Performance-based disbursement would allow a significant transfer of funds to leverage performance outcomes without being unduly restrained by USAID's regulations.

The program was designed with annual benchmarks that were to be documented each year before the next tranche was made to the Philippine government. Every November, achievement of the annual performance benchmarks for that year was formally reviewed by USAID, and if their achievement was found to be satisfactory, USAID approved the next tranche. During the final project year, nine service delivery targets were to be assessed after the last child survival payment from USAID to the Philippine government had been made.

USAID directly paid funds to U.S. banks to retire commercial debts of the GOP indicating the loan numbers; the Department of Budget and Management then provided the DOH with the equivalent in Philippine pesos of the dollars included in the tranche. The Department of Budget and Management was not required by the terms of the agreement with USAID to provide the equivalent in pesos to the DOH; the only requirement was that dollars provided by USAID be used to pay off Philippine debt to U.S. institutions. By means of an informal understanding, however, the DOH and Department of Budget and Management agreed to have provided to the DOH pesos equal in value to the dollars provided by USAID. The Department of Budget and Management supported child survival by arranging for this voluntary transfer. The DOH then used the money received from the Department of Budget and Management in any way it chose that was consistent with Philippine government regulations. An annual external review confirmed or adjusted reported achievements and made a recommendation on the percentage of the planned tranche to be disbursed. USAID was not required by its own regulations to monitor how the pesos provided by the Department of Budget and Management to the DOH under the Child Survival Program were actually spent. USAID required only that the performance benchmarks be met and that the dollars provided be used by the Philippine government to pay off the specified debt agreed upon prior to each tranche. In this performance benchmark system, USAID paid the Philippine government for performance, rather than monitoring how the DOH used program resources.

"NPA is seen by missions as a way to economize on staff time and "move" money quickly. There is considerable debate as to whether NPA really does economize on staff time and whether it is, in fact, a "cheap" way to move money." Page 4, Westrick, Daniel. 1986. *A Short Introduction to Nonproject Assistance: What Is Nonproject Assistance?*

The DOH and USAID jointly developed a process, including a tracking system, for ensuring that the performance benchmarks would be completed on time and be fully documented. Not only did USAID and the DOH agree upon the annual performance benchmarks, but they were effectively used by the DOH as a means of getting needed policy reforms and management changes approved and actually implemented. For example, the DOH wished to consider the privatization of government hospitals, a very sensitive political issue. The performance benchmarks were used as a "management tool" to ensure that the privatization option would be thoroughly explored. A performance benchmark requiring that the field epidemiology program be permanently incorporated into the DOH structure was used to hasten what otherwise would have been a bureaucratically prolonged process. Without the existence of performance-based disbursement, such changes would have been more difficult to accomplish.

NPA in Family Planning, Maternal and Child Health, and Nutrition, 1996-2000

The performance-based approach developed jointly by USAID and the DOH for this new effort was based on the successful experience with the previous USAID-funded Child Survival Program. In 1996 a new Results Framework was prepared, superseding the previous program document begun in 1994. The primary effort under the new program—the Integrated Family Planning Maternal Health Program—is a 6-year, $153 million project ($65 million bilateral, $62 million Global Bureau, and $26 million Philippine government contribution).

Under the Strategic Plan, the goal of USAID/Philippines is to support the efforts of the Philippine government to achieve the status of a newly industrialized democratic country by the year 2000. To this end, USAID/Philippines is supporting two Special Objectives and six major Strategic Objectives, one of the largest of which is Strategic Objective 3: reduced population growth rate and improved maternal and child health.

Strategic Objective 3 has three subobjectives, or Intermediate Results, designed to (1) increase public sector provision of family planning/MCH/nutrition services; (2) strengthen national systems (such as contraceptive distribution, training, and research); and (3) increase private sector provision of contraceptives and services. Under the Strategic Objective 3 performance-based approach, the DOH, the Commission on Population (POPCOM), the National Statistics Office, and the collaborating agencies must achieve certain benchmarks for Intermediate Results 1 and 2 (the public sector components of the program) each year in order for the Philippine government to receive an annual tranche of funds from USAID.

National Level[3]

A midterm assessment of Intermediate Result 2 of Strategic Objective 3 was conducted by a POPTECH team in order to review efforts to strengthen national systems. The team's report was published in July 1998. The project's primary intent is program sustainability for the DOH to assume full operational responsibility for five major functions by 1999. The project also includes activities aimed at increasing the budget of the DOH/Family Planning Service (FPS) by 50 percent annually. POPCOM is responsible for the sixth component, advocacy. Performance assessment of annual benchmarks is conducted jointly by the DOH and USAID. A cash transfer from USAID to the DOH is based on successful completion of all benchmarks.

Program Achievements

National strategies for policy, for information, education, and communication (IEC), for training, for operations research, and for management information systems (MIS) have been developed and approved; a population and development advocacy plan for POPCOM has also been prepared. The DOH has increased staffing for the relevant components. The budget for DOH/FPS has increased by 50 percent annually, although it still remains quite low. Most family planning/reproductive health activities continue to rely heavily on international donor support, primarily from USAID.

Contraceptive prevalence for all methods, including modern methods, is rising, albeit slowly. Other key indicators, such as a declining fertility rate, a reduction in infant and maternal mortality, and a decline in the percentage of births to high-risk women, also show progress.

The Cooperating Agencies (CAs) have provided strong technical leadership to assist the DOH and POPCOM in implementing the program. Some of the CAs have been given major implementation responsibilities as well. The challenge now is to determine how to reduce dependence on the CAs and how to shift responsibility to the DOH and POPCOM.

Despite the above achievements, serious problems remain unresolved. It is unlikely that any of the five national support systems will be institutionalized within the DOH or will be sustainable without continued donor support for some time. Certain of the support systems, such as the national communication campaign and operations research, are funded solely by donors and would likely languish without continued donor funding. The transition of the

"Experience with policy dialogue ranges from the reasonably successful to the conspicuously unsuccessful. In effect, it is easier to identify common faulty policies than to design a strategy that is appropriate to each country's capacities and likely to succeed in contemporary conditions." Page 44, Bowles, W. Donald. 1989. *Approaches to Policy-Based Non-Project Assistance.* USAID Working Paper No. 125. Washington, D. C.: USAID Center for Development Information and Evaluation.

[3] This Section of this Case Study is adapted from Johnson, Charles N., Steven Perry, Pilar Ramos-Jimenez, and Francisco H. Roque. July 1998. *Midterm Assessment of Intermediate Result 2 of Strategic Objective 3: "National Systems Strengthened to Promote and Support Family Planning/ Maternal and Child Health Program."* Arlington, Virginia: Population Technical Assistance Project.

contraceptive logistics system into a broader essential drug distribution system is being pilot tested, but the outcome of this effort is not certain. Support for training will depend either on the ability of local health personnel to convince local government leaders to provide the necessary funds, or on donor funding. POPCOM is well on its way to programmatic sustainability in advocacy, but financial sustainability remains problematic.

Program Design

Overall, the program design appears reasonable and covers the essential national support systems. The design may be overly optimistic, however, regarding the capacity of the DOH to allocate sufficient personnel to assume full operational responsibility for those support systems by the year 2000 without some continuing donor assistance. The heavy reliance on the CAs for technical and financial assistance has accelerated a number of activities, but has probably had a negative effect on program sustainability. The use of benchmarks has proven useful for increasing the staff and budget of the DOH/FPS and for expanding services, but the benchmarks have focused on the quantity, not the quality, of services. The strategies were well prepared, but their programmatic usefulness is uncertain. Financial sustainability is uncertain for the foreseeable future.

Program Management

Management of the overall Philippine Population Management Program rests with POPCOM. Management of the family planning/reproductive health program by the DOH has been through the Office of Special Concerns and the Family Planning Service. With limited staffing of its own, the Family Planning Service has relied heavily on CA technical and financial support to implement the program.

Staff members of USAID's Office of Population, Health, and Nutrition (OPHN) monitor progress, coordinate activities of the CAs, and coordinate with other donor agencies. The OPHN staff members are well trained and have close working relationships with counterparts in the Family Planning Service.

The CAs shoulder a heavy responsibility for implementation performance. Their key role in helping the DOH to develop and implement the national support programs is unquestionable. The challenge now is to determine how to make a smooth transition with the DOH assuming greater responsibility for implementing programs, and then to establish the timing for a phase-down or phase-out of each CA.

Future Needs and Directions

Program sustainability—especially financial sustainability will remain the key issue for some time. Technical assistance may be required for most of the support functions. The continued use of long-term U.S. institutional relationships is one alternative, but periodic short-term technical assistance may be preferable and less

costly. The focus for any follow-on activities should be on strengthening Philippine institutions, that is, making greater use of the expertise of Philippine private-sector organizations and NGOs to assist the DOH and POPCOM.

Broadening the family planning program to include an array of other reproductive health interventions is clearly in line with recommendations of the International Conference on Population and Development and other international gatherings. However, family planning systems should be solidly in place and functioning before the program is expanded to include elements of reproductive health. The DOH/Office for Special Concerns/FPS and field staff members are hard put to manage the existing program. Taking on significant additional reproductive health responsibilities might be too burdensome.

Local Level[4]

In 1991 the Philippine government decentralized many functions, including health. The Local Government Code of 1991 shifted the responsibility for planning, managing, and evaluating health services from the central to the local level. This devolution of health services created a host of problems that neither the DOH nor the Local Government Units (LGUs) were prepared to resolve. These problems included the need to transfer central health staff to the LGUs; the local procurement and distribution of drugs, equipment, and supplies; the recording and reporting of health information; and the monitoring of services.

Intermediate Result 1 supports the attainment of Strategic Objective 3 by increasing the provision of family planning and MCH services in public sector facilities, most of which are operated by the LGUs. The goal is to achieve the following performance indicators by the year 2000:

- The number of couple years of protection provided will increase from 1.67 million in 1994 to 2.6 million.
- The percentage of children fully immunized will remain at least 90 percent.
- The percentage of pregnant women immunized against tetanus will increase from 42.2 percent in 1993 to 80.0 percent.
- The proportion of children receiving vitamin A supplements will remain at least 90 percent.

[4] This section of the Case Study is adapted from Reynolds, Jack, Clifford D. Olson, Juan Antonio Perez III, Agnes Q. Villarruz. *Midterm Assessment of Intermediate Result 1 of Strategic Objective 3 "Increased Public Sector Provision of Family Planning and Maternal and Child Health Services."* June 1998. Arlington, Virginia: Population Technical Assistance Project.

Intermediate Result 1 supports the Philippine government's devolution efforts under the Local Government Code of 1991. It also supports the policy and institutional reform process needed to establish a new, post-devolution relationship between the DOH and the LGUs in support of population, family planning, MCH, and nutrition services.

A performance-based grant program to the LGUs, known as the LGU Performance Program, has been established as the primary vehicle for achieving the Intermediate Result 1 indicators and objectives. Under this program, LGUs (provinces and cities) that achieve certain benchmarks receive a grant to expand and improve their family planning/child survival programs. Over the life of the program, $29.2 million is budgeted for tranche disbursements. In addition, to enhance the sustainability of the LGUs' population/family planning/child survival activities, the LGUs will be required to allocate increasing proportions of their internal revenue allotments from the central government to programs in these areas.

A POPTECH team undertook a midterm evaluation of Intermediate Result 1 under Strategic Objective 3. The team's report was published in June 1998. Recommendations to modify the project were based on the following evaluation findings:

- The technical assistance element was appropriate and clearly needed, although it has been too reliant on USAID contractors. The DOH needs to take on primary responsibility for this function.
- LGU capacity development has been important and appreciated. It contributes to sustainability as well.

The major weaknesses cited by the evaluation team are in benchmarking, performance measurement, and sustainability:

- The benchmark concept is useful and appropriate and has been an important management tool, but the selection of particular benchmarks has been uneven, and the targets have been too easy for some and too difficult for others to accomplish. It is likely that many LGUs and the DOH will be unable to meet their benchmarks.
- The performance-based disbursement system is innovative and effective. It is an excellent mode of assistance that all partners appear to appreciate. However, this system does not measure current performance, and there appears to be no economic incentive to meet the benchmarks specified in the 2000 plan.
- There are problems with the cluster survey (used for documentation that indicators have been met) and decision rules for determining whether an LGU passes or fails.
- Sustainability is one of the weakest design elements. No policies, plans, or mechanisms have been formulated for sustaining the LGU Performance Program or the LGU capability and service gains that have been achieved through the program.

NIGER[5]

In 1986, USAID/Niger and the Government of Niger initiated the first USAID-financed NPA health and population sector grant, a $22 million NPA project (1986–1995) to promote institutional and policy reform in the MOH.

The country's major reform in family planning, allowing for the sale of contraceptives, was adopted in 1986 before the NPA project began. Two other reforms—publication of a demographic policy and reform of contraceptive import and pricing policies—were later achieved. In the health sector, major policy reforms took place first in 1992, when fiscal autonomy for the three major hospitals was granted, and reforms were instituted in the allocation of health personnel and the containment of drug costs. Meanwhile, the MOH has been working slowly toward cost recovery in health centers with the establishment of a pilot program in one region.

It may be noted that the particular configuration of the NPA designed by USAID/Niger tended to blur the differences between project assistance and NPA. The detailed and complex design of the project, with its earmarked disbursement, created a subproject system; it became project assistance nested within NPA. The numerous specific requirements for a tranche resembled requirements for project assistance in both their detail and limited scope.

NPA has been part of significant health policy reform efforts in Niger. It is questionable whether the NPA has actually driven or leveraged the process in Niger. Certainly the NPA has kept reform on the agenda within a changing political environment.

"From the Niger experience, NPA appears neither more nor less effective than PA in achieving policy and institutional reforms. In either case, technical assistance has also proved necessary." Page 4, Foltz, Anne-Marie. 1993. *Assuring Health Sector Policy Reforms in Africa: The Role of Non-Project Assistance*. Washington, D. C.: Academy for Educational Development, Inc.

"The basic lesson is to keep things small and simple and to avoid "bauble creep," the constant adding on of component and conditions by actors, whether in Niger or in Washington. These baubles eventually create a program so ambitious that it becomes impossible to implement." Page 9, Foltz, Anne-Marie. 1993. *Assuring Health Sector Policy Reforms in Africa: The Role of Non-Project Assistance*. Washington, D. C.: Academy for Educational Development, Inc.

[5] Adapted from Foltz, Anne-Marie and Gary Engeberg. 1993. *Synapse of Report: USAID / Niger Health/ Population Sector Workshop: Lessons Learned and Future Strategies.* Washington, D. C.: Academy for Educational Development, Inc. and
Setzer, James and Molly Linder. 1994. *Human Resources Analysis for Africa Paper No. 3 - The use of Non-Project Assistance to Achieve Health Sector Policy Reform: Experience in Africa.* Bethesda, MD: ABT Associates, Inc.

Ecuador[6]

The Ecuador Health and Family Planning Program 1991-1996 was designed to assist the Government of Ecuador (GOE) to implement its six-year Health and Family Planning Program. As part of the implementation arrangements for the NPA grant agreement, a Program Implementing Committee (PIC) was established to monitor and report on progress toward and constraints on achieving the NPA policy benchmarks. This committee consisted of USAID management staff, the responsible program officer at the Ministry of Finance, and the implementing officials from the participating agencies—CONADE; Ministerio de Salud Pública (MSP); and Instituto Ecuatoriano de Seguridad Social (IESS), including Dirección Nacional Médico Social (DNMS) and Seguro Social Campesino (SSC). The PIC was to review progress in the policy arena and determine whether the institutions had met the necessary benchmarks for disbursement. Review of progress was to be carried out in such a way that local currency disbursements would be institution specific; that is, if one institution did not meet its benchmarks, disbursements to other institutions would not be jeopardized. The PIC was to prepare semiannual reports to USAID describing the status of policy reforms, the impact of policy change, current problems and/or constraints, and steps being taken to overcome obstacles to effective implementation. The semiannual reports of the PIC were to be the basis on which USAID would decide whether sufficient progress had been made to warrant the next disbursement.

The PIC played a key role in seeing that the conditions for the NPA were satisfied in a timely manner. The following subsections describe for each participating institution the planned programs and broad policy benchmarks, specific conditions for each disbursement, how or whether those conditions were satisfied for the first and second disbursements, and the likelihood that they will be satisfied for the third and final disbursement.

CONADE

As part of the grant agreement, CONADE prepared a project proposal to strengthen the process of population policy development in Ecuador. The broad policy benchmark established for CONADE under the NPA is the development of a National Plan of Action in Population. As a conditions precedent to the first disbursement, CONADE recreated the National Population Council, whose first meeting was held in June 1992. A long-awaited second meeting of

[6] This Case Study is adapted from the midterm evaluation report of *The Ecuador Health and Family Planning Program 1991-1996. S*eltzer, Judith R., Lawrence Day, Susan Zoe Kopp, Ronald Parlato. April 1995. *Midterm Evaluation of the Ecuador Health and Family Planning.* Arlington, Virginia: Population Technical Assistance Project. The information on the Ecuadorian NPA presented in this section is adapted from the evaluation.

the Council took place in May 1993. The delay in holding the second meeting was due largely to a change in government in August 1992 and the fact that the vice president, who chairs the meetings, did not schedule it sooner. At this meeting, a draft of the National Plan of Action in Population was approved, and it was agreed that the plan would be presented by the Government of Ecuador at the International Conference on Population and Development in Cairo in September 1994. The Plan of Action was officially presented by CONADE in Cairo and was published in October 1994.

Official promulgation of the Plan of Action is a condition for the second disbursement. The plan's issuance was one year behind the schedule in the project agreement. The delays were due to several factors: the new government, which offered little support for population activities; a major reorganization at CONADE, which left the Dirección de Población virtually without staff; and controversy surrounding the draft Plan of Action because of the opposition by conservative groups to the term "reproductive rights." The fact that the Plan of Action was completed at all was due in part to the efforts of Centro de Estudios y Paternidad Responsable (CEPAR) and the continuing support of the United Nations Population Fund (UNFPA) and USAID (including technical assistance from the Options project).

Another condition for the second disbursement was that CONADE have plans and a methodology for monitoring and evaluating the implementation of the national policy. This condition remains unmet.

Future work with CONADE in population is still very much in flux. USAID planned a total disbursement to CONADE of U.S. $500,000 over the life of the grant agreement. It is highly unlikely, given the current lack of staff and the agency's uncertain future, that this sum of money can be used effectively. While some further financial support is probably warranted, a large proportion of the remaining funds should be a candidate for reprogramming.

Ministerio de Salud Pública

The Dirección Nacional de Fomento y Protección within the MSP prepared a detailed project proposal for the Regulation of Fertility and Maternal Health Care (1991) that describes the MSP's planned program. This proposal was an attachment to the grant agreement. The broad policy benchmarks for the MSP include (1) Ministry of Health requests to the Ministry of Finance to increase its budget for maternal health and family planning, and (2) the establishment of contractual agreements with private sector organizations for training, the purchase of commodities, and the provisión of services. These contracts should be linked to public statements by MSP leadership about the importance of maternal health and family planning and the private sector's role. The conditions precedent for the first disbursement include (1) an analysis of the current budget for maternal health and family planning and projections for at least three years, with proposed increases in budgets for supervisión, training, and commodity purchase; (2) preliminary agreement between MSP

and the State Center of Medicines and Medical Insumos (CEMEIN) for the purchase of commodities; and (3) establishment of a Commission on Maternal Health and Family Planning as part of the National Population Council.

There have consistently been concerns about the conditions precedent to first disbursement as a preliminary agreement between the MSP and CEMEIN (the evaluation team found that there was no documentation to confirm such an agreement had been made). At the February 1993 meeting of the PIC, the MSP representative requested a change in the term "insumos" regarding the agreement with CEMEIN since CEMEIN provides only specific medicines. It was thought that this clarification would avoid problems. There is no record that action was taken on this clarification. While there is no mention of the requirement for CEMEIN to acquire or begin to acquire contraceptive commodities for the MSP in the conditions for the second disbursement, this is a condition for the third and final disbursement (CEMEIN is to purchase 100 percent of MSP's contraceptive requirements). From various discussions with USAID and staff of the MSP and the Ministry of Finance, it appears unlikely that this condition will be met. The problem is due in part to the uncertain future of CEMEIN (it may be privatized as part of the modernization of the MSP), but it is also due to the lack of action by all relevant parties in addressing this issue.

Problems have also surrounded another conditions precedent for the first disbursement. The March 1993 minutes of the PIC report MSP concerns about the functioning of the Commission on Maternal Health and Family Planning that was supposed to be chaired by the Minister. Further, a condition for the second disbursement was that the commission meet at least once, chaired by the Minister. Given the need to move expeditiously on some activities, the Minister had delegated his responsibility to the Director General of Health. Apparently the USAID Mission Director was insistent that the Minister, not his delegate, attend Commission meetings. The USAID representative to the PIC suggested that the National Population Council should meet and form a Commission on Maternal and Child Health, to be chaired by the Director General and to meet at least once a year. The USAID Mission Director apparently approved this suggestion.

Another condition for the second disbursement to the MSP was that there be increases in the line items for maternal health and family planning. The budget for the MSP includes several line items that cover the areas of the Ministry's work most closely related to maternal health and family planning: Fomento y Protección Materno Infantil, Prestación y Servicios de Salud en Provincias, and Investigación para el Desarrollo de Salud. The MSP did increase these line items in its budget for 1993 and in the estimated budget for 1994. In addition, in October 1993, the MSP actually made a specific contribution of S/70 million (about U.S. $33,000) to the separate account that holds the NPA funds for the maternal health and family planning program.

The two other specific conditions for the second disbursement that were met by the MSP were (1) written agreements for training with several private sector institutions, such as Centro Obstetrico Familiar, Centro Médico de Orientación y Planificación Familiar, and Centro Ecuatoriano para la Promoción de la Mujer (CEPAM), and (2) a meeting of the Commission on Maternal Health and Family Planning to be held in September 1993.

Conditions for the third disbursement to the MSP are (1) the aforementioned role of CEMEIN in purchasing contraceptive commodities, (2) further increases in budget line items, (3) an impact from the increased MSP budget (e.g., in terms of supervision and numbers of trained staff), and (4) evidence that the Commission on Maternal Health and Family Planning is an effective coordinator of public-sector entities and private voluntary organizations (PVOs). While it is likely that the MSP will fulfill the second and third conditions, the first and fourth will be problematic.

Instituto Ecuatoriano de Seguridad Social: Dirección Nacional Médico Social

Because the IESS has two distinct programs—DNMS and SSC—these are reviewed separately. However, the broad policy indicator or benchmark of establishing regular budget items pertains to both programs.

As part of the grant agreement, the DNMS prepared a proposal for a six-year family planning well-being program. The objectives of the program are to (1) extend service coverage in family planning to 20 percent of the DNMS client population of married women of reproductive age, (2) achieve 100 percent coverage in terms of knowledge of family planning methods, and (3) satisfy 100 percent of existing demand among the client population.

The broad policy benchmarks for the DNMS under the NPA include (1) increased budgetary allocations to reproductive health and family planning, with those increases reflecting changing demographic profiles and the greater coverage desired by IESS; (2) establishment of reproductive health and family planning as a priority intervention in the operational norms of IESS; and (3) establishment of specific norms for private companies that have health dispensaries to provide family planning services on site.

To satisfy the conditions precedent for the first disbursement, IESS published a Manual of Norms for Maternal and Infant Care in January 1991. The working group that prepared the manual included both DNMS and SSC staff, and both IESS programs use the manual. The manual includes a well-prepared chapter on family planning, specific contraceptive methods, and reproductive risk.

Two specific conditions are required of the DNMS for the second disbursement. The first is that the DNMS include increased budget levels for reproductive health, with line items for commodities, as part

of its annual budget presentation to the Ministry of Finance. In a letter dated November 23, 1993, to USAID, the Ministry of Finance explained that the DNMS does not have budgets for particular programs, but that reproductive health would come under categories such as laboratory materials, medicines, and payments to particular clinics for birth and miscarriage care. The amounts allocated for these items increased dramatically between 1992 and 1993, as was shown in a table accompanying the letter. USAID did not find the DNMS justification sufficient to satisfy the condition, however, and requested that the DNMS clarify what specific family planning activities were being developed, as well as what percentage of the budget would be used to buy contraceptives and other materials needed for family planning. A subsequent letter from the Ministry of Finance to USAID explained that in July 1992, a specific Department of MCH had been set up to offer better services, including family planning. The letter again explained that the DNMS budget did not include specific programs, but that contraceptives would come under the line item for medicines, and other goods needed for family planning would come under the equipment line item.

At the April 1993 PIC meeting, the DNMS representative expressed anxiety about DNMS program needs and the lack of USAID funding under the NPA. At the May 1993 meeting of the PIC, the DNMS representative explained that the planned agreement on family planning was being carried out (e.g., courses had been held for educators, training of nurses and auxiliaries was planned for the following month, and educational pamphlets had been printed), but that the lack of financial resources to buy equipment and commodities and conduct a planned survey of MCH and fertility among DNMS affiliates was affecting implementation. Although the budget condition has not, strictly speaking, been met, USAID is close to accepting the condition as met.

Another condition of the second disbursement is that DNMS establish specific agreements and norms for private-company provision of family planning services on site. After numerous exchanges of correspondence, this condition still has not been met. However, there appears to have been some recent progress. During the evaluation, the IESS doctor (newly assigned to carry out the Family Well-Being Program) provided a copy of a letter sent to all annex dispensaries concerning the intention of DNMS to move forward with prevention and protection activities, especially those concerning maternal and infant health, training, and the provision of goods needed for reproductive risk and family planning services. While the DNMS has not yet satisfied this condition, it is taking steps in the right direction.

The conditions for the third disbursement to DNMS are that (1) the DNMS purchase 100 percent of its contraceptive commodity needs, including those for health dispensaries, from private companies; (2) the relevant budget line items be increased; and (3) the DNMS staff contribute to international forums on population. While all of these

"The success of policy reform rests heavily on the institutional capacity of the less-developed countries. This includes the political commitment of the leadership and adequate negotiating strength and analytical capacity, which may require technical assistance. In the absence of these criteria, the policy reforms will be viewed locally as having been imposed." Page 4, Bowles, W. Donald. 1989. *An Examination of Approaches To Policy-Based NonProject Assistance*. USAID Working Paper No. 126. Washington, D. C.: USAID Center for Development Information and Evaluation.

conditions can probably be satisfied, it is doubtful at this juncture whether the political will exists at the DNMS (above the operational level) to comply. Clearly, a more aggressive role on the part of the Ministry of Finance, USAID, and the operational staff at the DNMS will be needed if these conditions are to be met and in a timely fashion.

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The NPA grant agreement includes a description of the SSC's proposal for a six-year program on Family Well-Being and the Early Detection of Cancer with a budget of U.S. $717,000, of which USAID plans to contribute U.S. $350,000. The program description cites SSC's intention to work with Centro Medico de Orientacion y Planificación Familiar, Asociación de Pro-Bienestar de la Familia Ecuatoriana, Centro Obstetrico Familiar, and Centro Ecuatoriano para la Promoción de la Mujer. The broad policy benchmarks for the SSC are identical to the first two cited above for the DNMS. As a condition precedent to the first disbursement, the SSC was to include reproductive health and family planning in its norms as priority activities. The publication of the IESS manual, as well as the description of the Subprogram on Family Well-Being and the Early Detection of Cancer for 1991–1997, satisfied this condition.

The second disbursement is conditioned on the SSC's increasing its budget for reproductive health (with a line item for contraceptive commodities) as part of its annual budget presentation to the Ministry of Finance. There has been an exchange of correspondence between USAID and the Ministry (similar to that for the DNMS) regarding the requirements for this condition. Again as with the DNMS, the SSC's global budget categories make it impossible to determine whether the increased line items are indeed directed toward family planning. In this case as well, USAID is close to accepting that the SSC has met this condition.

Review of the minutes from the PIC meetings reveals the additional activities and problems with which the SSC staff was concerned. There were prolonged difficulties in obtaining authorization to spend USAID funds to buy vehicles. Furthermore, given that considerable time had elapsed, the cost of the vehicles had risen, while the value of the sucres had declined. These problems persisted through the last meeting of the PIC, held in July 1993, which was no doubt a continuing frustration for SSC staff.

The conditions for the third disbursement to the SSC are the same as those for the DNMS. Similarly, the likelihood that these conditions will be met depends on the political will at the SSC. Once again, a more aggressive role on the part of the Ministry of Finance, USAID, and the operational staff at the SSC will be necessary if these conditions are to be met and in a timely fashion.

Ministry of Finance

The objectives of USAID's support to the Ministry of Finance under the NPA are to (1) manage and administer the agreements between USAID and each of the four other participating institutions, (2) improve the financial management and budgeting process at each institution, and (3) develop a better understanding of the policy and implementation issues in the health and family planning sector. The budget for the proposed work of the Ministry of Finance over the six years of the NPA is U.S. $600,000.

The three broad policy benchmarks for the Ministry of Finance are (1) support for the MSP request for increased budgetary allocations, (2) establishment of stronger leverage with the MSP for improved financial management and administration, and (3) support for population policy implementation through active participation in the National Population Council.

Completion of the conditions precedent for the first disbursement was officially confirmed by USAID in May 1992. The benchmarks for the second disbursement include (1) Ministry of Finance support for increased budgetary allocations as requested by the MSP, and (2) the Ministry's coming to concrete agreement with the MSP on improvements in financial administration and management. The USAID Project Status Report for October 1993–March 1994 states that the Ministry of Finance had approved an increase in the MSP budget of S/70 million (about U.S. $33,000). While the first condition has been satisfied, the Ministry recommends that work on improving the financial administration of the MSP be fully integrated into the MSP's budgeting process.

The conditions for the third disbursement to the Ministry of Finance include (1) public articulation of support for population policy; (2) evidence of support for increased MSP budgets (presumably in reproductive health and family planning); and (3) evidence of the impact of the financial administration reforms at the MSP, such as revised procedures. The Ministry staff is confident that these conditions can be fulfilled.

As mentioned above, the total amount of funds planned for the Ministry of Finance under the NPA is U.S. $600,000. Given the delays in implementing the NPA and the actual costs involved in the Ministry's work on the NPA (especially since the operational staff at the Ministry is also partly funded by other USAID support, including the Economic Support Fund), it is unlikely that the Ministry can effectively use the planned funding levels. USAID needs to reassess the Ministry's role under the NPA and consider reducing the planned funding levels.

Further Problems in NPA Implementation

There have been numerous problems in carrying out the NPA, some of which are documented by the minutes of the various PIC meetings. First, there was no clear understanding by all parties to the NPA about how it was to work. One example is the continuing discussion about whether the institutions could establish interest-bearing accounts in sucres. Eventually all but the MSP were able to do so, but not before much effort had been expended. Second, although the Ministry of Finance was to play a facilitating role, this did not happen. The Ministry was not able to affect policies and actions internal to each of the other implementing institutions. In the end, the other entities regarded the Ministry of Finance as just another hurdle to be overcome in their efforts to satisfy conditions and obtain funding. Third, the normal bureaucratic problems continually frustrated the implementation; not the least of these was the difficulty in opening project accounts and obtaining approval for planned expenditures within each institution. Months were lost in these efforts.

Finally, USAID management was passive in assisting the implementation. Apparently, after the grant agreement had been approved, there were continuing debates within USAID over what the agency's proper role should be. Those in favor of doing little apparently prevailed, to the detriment of the NPA's timely implementation. It appears to have been assumed that the incentives built into the NPA—substantial resources to the Ministry of Finance itself, coupled with a more hands-off approach to donor assistance (funds simply in exchange for specific policy changes)—were sufficient to bring about the required conditions. Interestingly, several officials pointed out that the amount of funds to be disbursed under the NPA was relatively small, especially in comparison to the U.S. $70 million health sector loan project funded by the World Bank that began in 1992 shortly after the grant agreement for the NPA had been signed. As a consequence, the assumption underlying the NPA of having leverage over public sector policies by providing U.S. $2.5 million was no longer valid.

In addition to these problems, several procedures described in the grant agreement with regard to the NPA's implementation were not carried out. For example, the PIC never actually prepared semiannual reports; rather, the minutes of the PIC meetings and the official correspondence from the Ministry of Finance to USAID (two letters between November 1993 and April 1994) serve as the record on the NPA's implementation. According to Ministry of Finance staff, the minutes of the seven PIC meetings held between July 1992 and July 1993 are not a very complete record of the proceedings. Nevertheless, the minutes reveal additional problems. One concerns the availability of funds. Although the initial disbursements of U.S. $500,000 from USAID to the Ministry of Finance occurred in June 1992 (a month after all the conditions precedent had been satisfied), there were long delays prior to the various problems in the execution of the

planned programs; not the least of these was the loss in value of sucres, which resulted in lower purchasing power.

Another issue that affected the implementation of the NPA was the turnover in leadership at the various agencies. This was due in some measure to the 1992 presidential election; however, the change in leadership at the SSC was truly debilitating. Over the life of the agreement with the SSC (3 years) there have been four directors. Given the nature of the NPA, with its emphasis on policy change and the need for support at the highest levels of leadership, such turnover was indeed a problem for all institutions involved.

"…there are already signs that policy reform may be promising too much. There are standard technical arguments for a go-slow approach on reform. Our knowledge base is certainly limited, and in the very areas in which problems are worst, so too is our knowledge base." Page 23, Bowles, W. Donald. 1987. *The Theory and Practice of Policy-Based Nonproject Assistance*. Washington, D. C.: USAID Center for Development Information and Evaluation.

The detailed nature of the program proposals, coupled with the first-year work plans for the participating agencies, reveals explicit plans for how the maternal health and family planning and policy development efforts were to proceed. Discussions with the responsible staff at each agency indicate that the delays in obtaining funds and overcoming procedural obstacles had serious consequences for the conduct of these activities. For example, the MSP's planning meeting in April 1993 with provincial and subprovincial staff from each of the five target provinces created expectations that certain activities would be carried out. The fact that the second disbursement had still not occurred as of November 1994 meant a loss of credibility for the entire program effort, including the responsible officials. As time has passed, these officials at the MSP and SSC have lost faith in the NPA mechanism and come to question its underlying assumptions. The case of the DNMS is somewhat different because the responsible official only recently assumed his position.

Despite the above problems, interviews with various Ministry of Finance officials and a review of project documentation indicate that there is sincere interest in carrying out the various programs in maternal health, reproductive health, and family planning. Officials from the MSP (those from the DNMS and SSC would probably also be supportive) have requested that the nature of the NPA be modified. They believe that at the very least, the required conditions or policy benchmarks should be delinked; that is, one institution's fulfilling of conditions should be sufficient for the disbursement of funds. These officials would much prefer having direct project agreements with USAID, which they believe, would facilitate implementation. Given that in the Government of Ecuador's budgets for the health programs of the various institutions, little remains after personnel costs are covered, it is hardly surprising that these officials at the operational level are reluctant to give up donor support.

To date no agency has received more than S/150 million or roughly U.S. $75,000. Hence, the amounts of money involved are not substantial. The MSP has largely expended its allotment, while the other ministries have spent substantial proportions but not all of the allotted funds.

In assessing the future of the NPA, several options can be identified:

- Keep the existing mechanism since the participating institutions are on the verge of completing conditions for the second disbursement.
- Modify the NPA so each institution's progress is not tied to that of the others. Also review the likelihood that the conditions for the third disbursement can be met. Modify the conditions accordingly, or adopt more aggressive measures.
- Technical assistance from outside agencies, such as the CAs in population) to facilitate satisfactory fulfillment of the conditions. Review and reprogram a proportion of the funds planned for both CONADE and the Ministry of Finance.
- Amend the project paper and grant agreement substantially, and carry out one or more of the following:
- Provide direct project funding to selected or all public-sector institutions based on the various program proposals.
- Provide selected technical assistance inputs (e.g., AVSC Incorporated for improving sterilization procedures in the MSP).
- Establish specific private sector links to improve service delivery in particular areas (selected rural provinces or health areas).
- Terminate the NPA component of the project paper entirely, and invest the remaining U.S. $2 million in the project assistance component with private sector institutions.

Each of these options has political, financial, and management implications that will need to be assessed by USAID. Discussions with the Ministry of Finance and members of the PIC should also take place to determine what is feasible and desirable with regard to the options presented above.

Conclusions and Recommendations

The NPA as designed in the project paper and worked out in the grant agreement was a well-thought-out, innovative program to advance policy change and programs in population, reproductive health, and family planning in Ecuador. Had one of the underlying assumptions held (consistent and supportive leadership that was in place at the time the NPA was designed), it is likely that the NPA would have been implemented as planned, and successfully.

While the NPA has resulted in some policy changes, these have been slow in coming and generally addressed the NPA objectives minimally compared with what was anticipated at the time of the project design. The above problems in meeting the conditions or policy benchmarks—change to a more conservative government in 1992, lack of high-level support and consistent leadership, loss of leverage for USAID funds, lack of understanding of how the NPA was to be implemented (especially as problems began to be encountered), bureaucratic inertia, the inability of the Ministry of Finance to facilitate the NPA's implementation, and the passive role of USAID management (especially once the political climate had changed and problems were encountered)—suggest that the NPA as implemented has not been an effective or efficient mechanism for bringing about policy changes or for working with public sector institutions in Ecuador.

Given the many problems in implementing the NPA, the following recommendations were made to USAID:

- Maintain the existing mechanism through the end of January 1995 so that the second disbursement can go forward.
- Meet immediately with the PIC to review the available options, reprogram funds (reduce levels planned for both CONADE and the Ministry of Finance, and remove these funds from the NPA), and review the conditions for the third disbursement. In reviewing the conditions for the third disbursement, the PIC should consider what types of outside technical assistance might be called upon to facilitate the required policy changes. Even with some external impetus, if it is unlikely that the conditions will be met, the NPA for the third disbursement will need to be modified if USAID wants to continue to fund the public sector.
- Use reprogrammed funds to acquire additional assistance for managing public sector activities (e.g., have Centro Ecuatoriano para la Promoción de la Mujer or some independent party that is not close to USAID hire a project management assistant and also draw on the expertise of selected CAs).
- Use reprogrammed funds to acquire selected technical assistance inputs for two of the service delivery institutions (MSP and SSC) that have the potential to reach rural, underserved segments of the population.
- Explore further public-private sector ties, and provide additional resources to the private sector for this purpose if necessary.

Interview with USAID Official

An interview with a USAID official resulted in the following observations about the NPA in Ecuador: The design was to leverage policy reform in key public sector institutions. The MOH suffered from sporadic service delivery, a lack of commodities, a lack of training, and was only focused on surgical procedures. There was no operationalization or implementation by CONADE of the national population policy. The NPA project sought to ensure implementation of the national population policy, to increase budget allocations to family planning activities, to ensure purchasing of contraceptive commodities with regular budget allocations, and to utilize private sector entities for training and service delivery. The NPA project disbursements were directed through the Ministry of Finance, with policy benchmarks set for each participating institution and three disbursements over the life of the project. The two NGOs, CEMOPLAF and APROFE, had their disbursements based on achievement of objectives. The idea was to support vested interests and give programmatic support in return for policy change.

The constraints were policy constraints, not programmatic; i.e., there was a lack of leadership commitment for increases in resource allocation. The budget requests for family planning were not part of the regular MOH budget requests. The Ministry of Finance created specific earmarks by reducing other line items to increase the availability of public sector services. CONADE was to establish a National Population Council. The MOH and IESS (Social Security) had regular budget items for maternal health and family planning services. The Ministry of Finance supported additional budget requests from the MSP for maternal health and family planning activities supervision and training. CEMEIN was to provide 100 percent of the contraceptive commodities for the MOH. IESS would purchase 100 percent of contraceptive commodities. In year three there was to be increased reliance on the private sector by the public sector in the areas of logistics and training. In year three IESS would institute on-site family planning services in firms and companies.

There were lots of problems with funding from USAID/Washington. Washington approval took a long time. There were concerns about accountability and fund attribution. Washington thought that the benchmarks were too big and needed to be more specific or projectisized. The funds were programmed in three tranches. The first million went well; the second million died in its tracks. Washington cut it to $500,000. It took two fiscal years to get money for reimbursement. The government didn't meet their benchmarks, and since it was such a big pipeline, setting aside the NPA funds internally was problematic. This NPA project had too little money ($2 million) to be important to the government in comparison with other funds like [those provided by] the World Bank. USAID tried to work with the World Bank to get both policy projects coordinated. The government changed, and the funds were not worth the while of the new government. The money was then turned into field support funds. NPA needs to be for a significant amount of money.

It was very difficult to document if the benchmarks were achieved in commodities and other areas because of a lack of transparency in procurement systems. The institutions couldn't show a paper trail. There was potentially corruption. It was difficult to improve the quality of sterilization procedures. Doctors in the public sector basically work for four hours and refer patients to their private clinics. Thus there was no interest in improving the quality of public sector services due to competition for patients with their own private clinics.

A much more thorough analysis was needed of this design. Every branch of government involved with NPA should go through a strategic planning exercise. NPA would work better in a centralized autocratic system. It simplifies the resource exchange. With transition countries and USAID staffing problems, including Mission nonpresence, can we do policy reform or do we have to give it up?

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